

Department of the Treasury Strategic Plan

DRAFT FOR COMMENT

Fiscal Years 2010-2015

DRAFT

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Message from the Secretary

September, 2010

TBD – will be developed once draft is finalized.

Introduction

In the last strategic plan issued in September 2007, the document began by stating that: “Most know the Treasury Department has something to do with money, but few understand the scope of its functions or how it affects their daily lives.” Much has changed since then.

The financial crisis of 2008 and the resulting economic impact placed the Department of the Treasury in the spotlight, where most of America began to see the organization as the financial and economic steward of the nation. As large financial institutions failed and credit froze, the Treasury and its partner agencies moved quickly to prevent a total financial collapse. The actions taken to repair our financial system were beyond what people normally associate with the Treasury Department - collecting taxes, making payments, borrowing money, and producing coins and currency. While Treasury continues to perform these vital functions, people now associate and identify the Department with its rescue and reform efforts.

While debate may ensue for many years on the actions that were taken to stabilize the financial system, one thing is certain – an uncertain world requires robust strategies and a flexible organization. The ability to effectively respond to a broad range of potential scenarios with partner agencies and organizations will be the key to success.

In the near term, Treasury’s efforts aimed at financial stabilization will wind down, and recovery efforts will be employed to initiate and accelerate growth. As part of financial reform, constraints on leverage and stronger capital and liquidity requirements will help ensure that global financial institutions are better able to withstand future financial and economic shocks. This, along with a consistent framework to oversee the derivatives market, will help manage risk and free taxpayers from the burden of financial crises.

The financial reforms being implemented are the most sweeping set since those that followed the Great Depression. The reforms establish the greatest consumer financial protections in American history, prevent financial firms from taking risks that will threaten the economy, and provide the government with significant new tools to better protect taxpayers from the damage of future financial crises.

In a broader context, the nation is moving forward with important reforms of health care, and education, with substantial investments planned in research and development,

infrastructure, and other innovation. These initiatives, along with a commitment to restore fiscal sustainability, are designed to provide a stronger foundation for future economic growth. U.S. gross domestic product (GDP) is expected to climb to 2.5 - 3.0% in 2010 and 2011, while global GDP is expected to grow 3.3% in 2010 and 2011, and slightly higher to 3.5% in 2012.

In the future, the probability for additional discontinuities, shocks and surprises in the economic and political arenas of the world are very real. The next 15-20 years contain more contingencies than certainties. All actors—not just the United States—will be affected by unforeseen shocks related to security, climate change, and increased conflict. The ability of the U.S. to remain strong and resilient amidst these uncertainties will depend on leadership and the responsiveness of the international system. One of the more profound changes could be that a single “international community” composed of nation-states willThis dispersion of power and authority will create a global governance deficit and will necessitate changes in traditional strategies.

Financially, the potential for lower tax and commodity revenues, weaker aid flows, and more competition for global savings could reduce government and private-sector investment. A constrained lending environment, more cautious investment and consumption, and lower debt could characterize the future fiscal environment.

Economically, the future global environment could potentially be characterized by an open export climate, multiple financial powers, greater trade and investment protectionism, accelerated resource grabs for energy, food, and water that are exacerbated by climate change, and slowing democratization.

The potential for conflict in the world will likely increase in the future due to the spread of lethal capabilities. Terrorism is unlikely to disappear in the next 15-20 years, but its appeal could lessen if economic growth continues in the Middle East and youth unemployment is reduced. For those terrorists that are active, the diffusion of technologies will put dangerous capabilities within their reach. There will likely be a growing use of cyber warfare attacks as another means of causing disruption and chaos.

The ability to manage effectively in the long-term will depend on many factors. The quality of leadership, efficiency of processes, organizational adaptability, sharing of information, cooperation and collaboration, domain foresight, and knowledge

management will drive organizations to succeed or fail. Balancing information security with the collaboration needed from non-governmental organizations, other governments, and the private sector will be challenging. Resources will be limited, so interagency coordination and sharing of resources will be important.

The goals and strategies of the Department that were established in the prior strategic plan were tested during the financial crisis; many withstood, while others required re-formulation. The 2010-2015 Treasury Strategic Plan represents an examination of the future landscape and a revision of key outcomes and strategies.

A new element of the plan is the High Priority Performance Goals. These goals are priority areas for the current administration. Treasury chose its goals to be *Repairing and Reforming the Financial System*, *Increasing Voluntary Tax Compliance*, and *Significantly Increasing the Number of Electronic Transactions with the Public*. These goals align with the broader economic, financial, and management areas of the Department's mission.

A key difference from the prior version of the strategic plan is a simplified strategic framework. The focus is on goals, key outcomes, and the strategies needed to achieve them. Strategic objectives were removed because they appeared to be duplicative of the goals.

The Integrated Management System that was introduced in the last strategic plan continues in this version. A process that is based on the plan-do-check-act cycle is critical to continuously improving results for the American people. The Department has also instituted a new quarterly performance management review process to clarify and align bureau and office goals to agency goals and to drive continuous improvement. Through these combined efforts, the Treasury Department stays accountable to its most important stakeholders, the American people.

Vision

U.S. and global economic prosperity and financial security for current and future generations

The Department strives to achieve prosperity and stability in the U.S. and global economy currently and in the future. This fervent desire serves as the inspiration for the people of the Treasury Department, sets the direction for the organization, and provides the foundation for strategic planning.

Mission

Maintain a strong economy and create economic and job opportunities by promoting conditions that enable economic growth and stability at home and abroad, strengthen national security by combating threats and protecting the integrity of the financial system, and manage the U.S. Government's finances and resources effectively

The Department of the Treasury's mission highlights its role as the steward of the U.S. economic and financial systems and as an influential participant in the global economy. It notes the important role that the Department plays in promoting the right set of conditions to enable economic growth and strong U.S. economic competitiveness.

The Treasury Department is the executive agency responsible for promoting economic prosperity and ensuring the financial security of the United States. The Department is responsible for a wide range of activities, including advising the President on economic and financial issues, encouraging sustainable economic growth, and fostering improved governance in financial institutions. The Department of the Treasury operates and maintains systems that are critical to the nation's financial infrastructure, such as the production of coin and currency, disbursement of payments to the American public, revenue collection, and borrowing funds necessary to run the federal government.

The Department works with other federal agencies, foreign governments, and, international financial institutions to encourage global economic growth, raise standards of living, and, to the extent possible, predict and prevent economic and financial crises. The Treasury Department also performs a critical and far-reaching role in enhancing national security by implementing economic sanctions against foreign threats to the U.S., identifying and targeting the financial support structures of national security threats, and improving the safeguards of our financial systems.

Core Values

Adaptability –Effectively respond to changing circumstances

Integrity – Aspire to the highest ethical standards of honesty, trustworthiness, and dependability.

Objectivity – Encourage independent views.

People – Respect and value the people of the organization

Service – Serve the American people and work for their benefit

Transparency – Promote openness, information-sharing, and collaboration

Strategic Priorities of the Department of Treasury

The Department established three High Priority Performance Goals in 2010 to drive its focus and achieve measurable results for the American people in the next two years. The goals were created based on existing priorities and the strategic goals of the Treasury Department. The High Priority Performance Goals are *Repair and Reform the Financial System*; *Increase Voluntary Tax Compliance*; and *Significantly Increase the Number of Electronic Transactions with the Public*.

Repair and Reform the Financial System

Gaps and weaknesses in the supervision and regulation of financial firms limited the government's ability 1) to monitor and prevent risks that built up in the financial system and 2) to provide adequate protections for consumers and investors. The financial crisis of the last two years, with its attendant recession, job losses, and foreclosures, has required the Department to take extraordinary actions to preserve the functioning of financial and housing markets and restore confidence in the integrity of the financial system.

Increase Voluntary Tax Compliance

Reliance on a voluntary compliance tax system requires 1) effective taxpayer services to enable taxpayers to understand and meet their tax obligations and 2) effective enforcement to ensure that all businesses and individuals pay the tax they owe. Improvement of both service and enforcement, along with reforms to simplify the tax law, are essential to ensure the U.S. tax system remains the most effective and fairest voluntary compliance system in the world.

Significantly Increase the Number of Electronic Transactions with the Public

The safety, security, efficiency and reliability of Treasury transactions are paramount to maintaining public trust. Billions of transactions for payments to recipients, savings bonds purchases, and tax collections are executed in a year. The conversion of paper to electronic transactions has helped achieve those objectives. Electronic transactions reduce errors, are less subject to fraud, are more convenient for recipients and taxpayers, reduce costs, and reduce our environmental impact by eliminating millions of pounds of paper over the course of time.

Definition of Terms

Vision is a compelling picture of the organization or a world that all can strive for in the future. Although it may never be achieved, it is intrinsically motivating and drives the organization toward a common purpose.

Mission is the purpose of the organization.

Values are the ideals that guide behavior for all interactions internal and external to the organization.

Strategic Goals are long-term outcomes that help the organization achieve its mission.

Outcomes describe more specific, intended results from carrying out activities for a group of programs with a common purpose.

Strategies are methods used to achieve outcomes.

Indicators are broad-based metrics which show whether desired outcomes are trending in the desired direction. Indicators are not necessarily directly attributable to the Department's performance.

Measures are specific metrics that are associated with an activity that the Department performs to impact or influence outcomes. They have targets associated with them and can be quantitative or qualitative in nature.

Strategic Framework for the Department of the Treasury

The Treasury Department's strategic framework is a summary of our goals and outcomes. This framework provides the basis for performance planning and continuous improvement.

	Strategic Goals	Outcomes
Financial	Effectively Managed U.S. Government Finances	Revenue collected when due through a fair and uniform application of the law at the lowest possible cost Timely and accurate payments at the lowest possible cost Government financing at the lowest possible cost over time Effective cash management Accurate, timely, useful, transparent and accessible financial information
Economic	U.S. and World Economies Perform at Full Potential	Strong U.S. economic competitiveness Free trade and investment Prevented or mitigated financial and economic crises Improved global standard of living Safe and secure U.S. notes and coins
Security	Combated National Security Threats and Prevented Illicit Activity in the Global Financial System	Economic and financial security practices and standards in the global financial system have been implemented Safer and more transparent U.S. and international financial systems
Management	Management and Organizational Excellence	An effective, efficient, transparent, and accountable Treasury Department

Strategic Goals of the Department of the Treasury

Strategic Goal: Effectively Managed U.S. Government Finances

The Treasury Department is responsible for managing the finances of the United States government. Sound fiscal management ensures a foundation for economic growth and financial stability. It also enables the continual operation of essential government services and allows the government to meet its financial obligations with minimized borrowing costs.

The responsibility to manage the government's finances includes the duties of collecting money due to the United States, making payments, managing borrowing, investing when appropriate, and performing central accounting functions. To ensure that funds are available to cover federal payments on a daily basis, forecasts of the government's cash requirements are produced. The Department also provides quality, customer-centered service and transparent accounting information to the American public.

Two High Priority Performance Goals support this strategic goal: Increasing Voluntary Tax Compliance, and Significantly Increasing the Number of Electronic Transactions with the Public.

Outcomes

Revenue collected when due through a fair and uniform application of the law at the lowest possible cost

The Department of the Treasury enforces the law fairly and uniformly in order to ensure that the appropriate amount of revenue is collected. Fair application of the law also promotes voluntary compliance.

Timely and accurate payments at the lowest possible cost

The Treasury Department issues the majority of government payments, including Social Security benefits, tax refunds, and veteran's benefits, and does so correctly and at the proper time.

Government financing at the lowest possible cost over time

The federal government finances its expenditures in excess of tax receipts through the

sale of debt obligations at various maturities. The Department manages these sales and minimizes the cost of managing debt transactions.

Effective cash management

The Department forecasts the government's receipts and payments accurately to ensure sufficient funds are maintained and to minimize excess borrowing. Excess cash balances are invested.

Accurate, timely, useful, transparent, and accessible financial information

The Department of the Treasury produces government-wide financial information and reports that contribute to improved quality of the nation's financial decision-making. To ensure transparency and accountability, the American public can easily access financial information.

Strategies

Improve service to make voluntary compliance easier

The Department assists taxpayers in understanding their tax and related financial obligations. Improving service helps taxpayers avoid unintentional errors and facilitates faster resolution of issues, which reduces taxpayer effort and decreases the need for more costly enforcement actions. The Department also uses data and feedback from taxpayers to issue clear guidance on important tax questions.

Expand outreach to customers to increase awareness of collection, payment, and debt auction processes

The Treasury Department uses a variety of outreach methods to communicate with the public, other federal agencies, and stakeholders about payment and collections processes and rules. Outreach methods include information campaigns, media coverage and collaboration with other public and private organizations. Expanded outreach efforts can also increase electronic collections. In turn, the Department gains a better understanding of stakeholders' interests and concerns.

Discourage and deter non-compliance

The Treasury Department relies on taxpayers and others with financial obligations to the government to voluntarily comply with the law. Non-compliance may not be deliberate and can stem from a wide range of causes. Some non-compliance is intentional, such as

the misuse of offshore transactions and the use of abusive tax shelters. The Department takes enforcement actions to eliminate or prevent tax evasion and other criminal conduct when it occurs.

One of the main tools for enforcement is examinations to ensure that the proper amount of tax is reported and paid. In the international arena, the Department works with other nations to coordinate and cooperate on enforcement issues and to increase the effectiveness of tax treaties with partner nations. The Department maintains an appropriate balance between enforcement activity and imposition of taxpayer burden.

To reduce the tax gap, the Treasury Department has outlined several strategies to deter non-compliance:

- Reform and simplify the tax law
- Reduce opportunities for evasion
- Continue improvements in information technology to provide better tools for early detection, case selection, and case management
- Coordinate with partners and stakeholders to share information and compliance strategies
- Identify and research the sources of non-compliance

Optimize cash and debt portfolio

The Department of the Treasury continues to determine the right mix of investment and debt instruments that will minimize risk and the cost of financing the government.

Expand use of electronic transactions

The Department will provide incentives and reduce barriers for agencies and customers to increase use of electronic payments, savings bonds purchases, reporting, and other financial transactions while using technology to automate operations, improve security, and create cost-saving efficiencies.

Guarantee operational readiness to meet the federal government's critical financing needs

In order to ensure that the government's financing needs are met under all conditions, the Department maintains contingency plans and strong security controls to ensure the continual availability of our critical operations. Planning also allows for operational adjustments necessary to support changes in financing strategies.

Modernize financial systems

The Department will invest in modern systems and a common architecture when appropriate to meet the expectations of stakeholders and deliver secure service on time. For example, the government-wide accounting modernization project will improve reliability, timeliness, and accessibility of financial information between federal program agencies, the Office of Management and Budget, and the banking community.

Standardize accounting practices

The Department of the Treasury will continue to work with other agencies to adopt uniform accounting and reporting standards, common systems, and standardized definitions and usage of federal accounting terms.

Indicators and Measures**Voluntary compliance**

The Department measures the portion of total taxes due, reported, and paid by the scheduled due date.

Cost of managing debt sales

The Treasury Department will measure the cost of managing the sales of debt instruments.

Projection variance

To optimize cash management, the Treasury Department measures the difference between actual and projected receipts. Improvements in forecast accuracy have a direct impact on reducing borrowing costs and increasing the return on investment.

Percentage of referred delinquent debt collected

The Department of the Treasury tracks the percentage of delinquent debt collected compared to the total amount of debt referred by other federal agencies.

Percentage of transactions made electronically

The Department measures the portion of the total volume of key transactions such as payments, savings bonds and other debt issuance, collections, and tax filing made electronically.

Strategic Goal: U.S. and World Economies Perform at Full Potential

Economies that improve can raise the standard of living for millions and lift many out of poverty. Economic growth at full potential enables people to realize the greatest benefit from the economic system and provides the most efficient use of the nation's resources.

Treasury strives to foster an environment in which both U.S. and global economies can thrive, by working with other stakeholders to maintain a sound and secure global financial system, encourage an effective balance between fiscal discipline and fostering growth, and provide support for growth in emerging economies.

The factors that enable economies to perform at full potential include economic competitiveness and growth, innovation, policies that effectively regulate banking and financial markets, pro-growth tax policies, free trade, and safe and secure currency.

Outcomes

Strong U.S. economic competitiveness

Strong U.S. economic competitiveness is crucial to robust economic growth worldwide, continued investment in the United States, and job creation. The Treasury Department's contribution to the facilitation of a prosperous financial infrastructure, a balanced macro economy, market efficiency, technological readiness, and innovation are critical for keeping a sharp competitive edge.

Free trade and investment

Opening foreign and domestic markets for goods and services is vital for a robust, growing, and sustainable U.S. economy.

Prevented or mitigated financial and economic crises

Preventing financial and economic crises and diminishing their impact when they occur minimizes disruption to U.S. and global economies. By promoting sound pro-growth policies and troubleshooting, the Department helps retain the benefits of economic progress, reduces poverty, maintains political stability, and avoids expensive intervention.

Improved global standard of living

Sustained, strong economic growth creates opportunities, improves quality of life, reduces poverty, and creates new opportunities for economic activity.

Safe and secure U.S. notes and coins

Trust and confidence are vital to the continued global acceptance of our currency. The Department reliably provides safe, secure, cost-efficient, high quality U.S. notes, security documents, and coins that are readily accepted by all currency users and customers to facilitate seamless commerce.

Strategies**Stimulate U.S. economic growth**

Treasury seeks to encourage growth by stabilizing and reforming the financial system and advocating for pro-growth economic policies that create jobs. The Department will work to encourage investments in science, technology and infrastructure that not only create jobs in the short-term, but lay the groundwork for lasting growth.

Strengthen financial institutions and markets

A strong financial sector with a full spectrum of competitive services enables the timely and fluid conduct of business on every level, from individual citizens to multi-national corporations. Regulation of financial institutions improves the integrity of and confidence in financial institutions and markets. Effective supervision of national banks and thrifts ensures a safe and sound financial system that complies with laws and regulations, and provides fair access and treatment of customers. Building the capacity of these and other financial institutions to serve the nation's low-income communities enables economic opportunity.

Monitor financial market activity

Careful monitoring of financial market activity can help identify potentially destabilizing trends and enable regulators to address issues before they can impact markets. The Department will work independently and with federal, state, and international partners to identify these trends as early as possible and take steps to mitigate their effect on market activity.

Engage in financial and economic diplomacy

An increasingly interconnected and interdependent global economy requires the Department to maintain its leadership role in financial and economic diplomacy by:

- Promoting economic growth

- Limiting the impact of international financial crises,
- Promoting global economic stability,
- Stimulating growth through international trade,
- Encouraging increased debt relief for the most heavily indebted poor countries,
- Managing U.S. participation in multilateral development banks,
- Engaging economies through bilateral initiatives,
- Providing technical advice to developing countries on building market-based economies, and
- Fostering international economic agreements.

The Department will support U.S. policy objectives by playing a critical role in monitoring foreign investment in the United States, responding to humanitarian emergencies, stabilizing fragile economies, and opening new markets for U.S. financial services and investment.

Foster a government culture of fiscal discipline

Large, unsustainable budget deficits create a barrier to short-term and long-term economic growth. Treasury will set an example by continuing to contribute to fiscal discipline by evaluating its programs to find efficiencies wherever possible.

Fundamental to establishing a sustainable fiscal environment is entitlement reform. The Treasury Department, in collaboration with Congress and other stakeholders, will help to reform Social Security and Medicare, which will reduce fiscal burden and enhance the nation's future economic health and competitiveness.

Promote financial literacy

The Department's financial literacy program provides information, tools, and guidance on a wide range of financial activities from opening a bank account to learning how to invest. These resources help improve understanding of sound financial principles, increase participation in the economy, and reduce the potential for abusive financial practices.

Suppress global counterfeiting through enhanced counterfeit deterrent features and international cooperation and coordination

In order to maintain trust in U.S. coin and currency, Treasury will continue to explore and implement the latest technologies in counterfeit deterrents. Additionally, the Department will continue to work with countries abroad to detect and prevent the use of counterfeit

currency.

Maintain acceptability of U.S. notes and coins while exploring alternative materials

Treasury will continue to provide notes and coins accepted around the world while simultaneously exploring the use of alternative materials that could deliver significant cost savings.

Indicators and Measures

Measuring the economic potential of the U.S. and world economies is a complicated task. In order to formulate and assess policy and measure performance in this arena, Treasury monitors a number of different markets and global economic indicators. These indicators are key part of Treasury's ability to adapt to meet global challenges and assess the effectiveness of various policies and programs.

Growth-Competitiveness Index

This index provides a quantified framework to evaluate a nation's competitiveness based on the quality of the macroeconomic environment, the state of its public institutions, and the level of its technological readiness.

Financial system indicators

The Department uses many indicators to track market activity in several areas: financial stress, bank conditions, credit flows, interest rates, housing markets and macroeconomic conditions, and financial system transparency and integrity. These indicators provide a reasonably comprehensive sense of current financial market conditions and potential trends.

Sustainability imbalance

Sustainability imbalance measures the difference between what has been promised to current and future generations above what is projected to be collected in federal tax. Other indicators, such as the cost of entitlement programs as a percentage of Gross Domestic Product and of total federal spending, measure the effect of entitlement reform.

Debt-to-Gross Domestic Product ratio

This ratio is an indicator of how much the government owes in public debt as a percentage of its output. The indicator provides some measure of fiscal sustainability.

Average Weighted Tariff Rates

The metric gauges the change in the global average trade-weighted tariff rate. This indicator provides a measure of the formal barriers to trade across nations.

Financial literacy indicators

Reliable financial literacy and education indicators need to be developed.

Global standard of living

The Department uses indicators to monitor the gap in the global standard of living, such as the Thiel Indicator and Gini Index.

Counterfeit rate

The Treasury Department will use available information to estimate counterfeiting rates of notes in circulation.

Cost of denominations

Treasury will measure the cost to produce the penny, nickel, dime, quarter, dollar coin, and currency.

Strategic Goal: Combated National Security Threats and Prevented Illicit Activity in the Global Financial System

While promoting financial and economic growth at home and abroad, the Treasury Department performs an important, unique, and growing role in preserving national security and preventing illicit activity in the financial system. All national security threats and criminal organizations – from terrorists to rogue regimes to drug traffickers – depend on financial and support networks to survive. Terrorists use financial systems to move money for training and indoctrinating operatives, bribing officials, procuring false documents, and carrying out horrific attacks. Rogue regimes turn to gray markets and illicit activity to raise funds and purchase arms. Drug cartels funnel money through fraudulent businesses and front companies to cloak their trafficking activities.

In order to ensure confidence in U.S. and world financial systems, the Department works to keep them accessible to legitimate users and avoid exploitation by others. Treasury is devoted to using financial means to track, degrade, and disrupt threats to national security. Potential threats are impaired from financial and other support networks of terrorists, weapons of mass destruction (WMD) proliferators, drug traffickers, rogue regimes, and other criminals. Its unique capabilities leverage intelligence, law enforcement, sanctions, regulatory, and diplomatic tools. These are powerful tools for the United States to apply pressure against threats to national security when diplomatic outreach may be unproductive and traditional military action may be ineffective or inappropriate.

Outcomes

Economic and financial security practices and standards in the global financial system have been implemented

The global financial system is a vehicle that can be used for good or ill. A system where players cooperatively and continually implement security practices and standards helps keep the system open to legitimate users, while restricting its use by criminals and other security threats. A broader degree of cooperation and implementation of practices and standards reduces the probability that the system will be used for criminal activity.

Safer and more transparent U.S. and international financial systems

Confidence in the integrity of the U.S. and international financial systems is a key element

in fostering economic growth as well as improving national security. Transparency in the financial sector denies terrorists, drug traffickers, WMD proliferators, and other criminals the ability to conceal their illicit dealings. U.S. national security is enhanced when financial systems are safeguarded from criminal abuse.

Strategies

Collect, analyze, and disseminate financial and other information concerning national security

Financial intelligence data helps identify the infrastructure of terrorist and criminal organizations. It is uniquely reliable and allows Treasury to track threats, as well as to deter and disrupt them. The Department of the Treasury has unique access to valuable financial information and conducts all-source analysis to develop a picture of support networks that can be shared with the intelligence community, law enforcement, foreign authorities, and the private sector in support of the national security policy of the U.S. Government. Identifying areas vulnerable to terrorism and financial crime helps law enforcement and other authorities better target resources to address these risks. The financial intelligence unit (FIU) for the United States within Treasury collaborates internationally with FIUs around the world to prevent, deter, and disrupt national security threats.

Integrate vulnerable entities into the legitimate financial system

Treasury works with international counterparts to identify vulnerabilities in the financial system and to develop guidance within the Financial Action Task Force (FATF) and the U.N. for addressing these vulnerabilities. Additionally, the Department provides support internationally to develop more robust financial intelligence in vulnerable areas. Work is done domestically to identify and mitigate areas of the financial system vulnerable to money laundering, terrorist financing, and other financial crimes.

Disrupt and dismantle the financial network of criminal organizations

The Department degrades the financial and other support networks of terrorists, weapons proliferators, drug traffickers, rogue regimes, and other criminals and impairs the ability of individual actors and organizations to carry out criminal activities or attacks against the United States, its allies, and interests worldwide.

Treasury imposes economic and trade sanctions against national security threats and criminal organizations and their networks, ensuring that their targets suffer commercial costs and losses. The Department's identification of these entities reinforces foreign or domestic law enforcement action against these targets. Treasury's work significantly influences the private sector to respond and implement sanctions against these entities. The exposure of these targets in domestic or foreign media helps deter them and others from similar conduct. Actions to create deterrence include:

- Targeting and applying financial measures that freeze assets, prohibit financial and commercial transactions, and deny access to the U.S. financial and commercial systems;
- Promoting international relationships that attack the financial and economic foundation of threats and their support networks;
- Tracing and repatriating assets looted by rogue regimes;
- Promoting a meaningful exchange of information with the private financial sector to help detect and address threats to the financial system;
- Protecting U.S. financial institutions by designating appropriate foreign jurisdictions and institutions as areas of primary money laundering concern;
- Combating terrorist exploitation and abuse of charities.

Shape policy, laws and regulations, and increase compliance

The Department of the Treasury administers the Bank Secrecy Act, enforces regulations to reduce illicit financing and money laundering, and ensures compliance with sanctions. The Department leverages its relationships with counterparts in foreign governments and banking and financial service industries to encourage voluntary compliance with existing laws and regulations.

Coordinate and integrate policy and enforcement functions

The Treasury Department will work to seamlessly coordinate its unique financial intelligence, law enforcement, and policymaking authorities. The Department of the Treasury plays a unique role linking law enforcement and intelligence communities with financial institutions and regulators, as well as with other sectors, and will continue to improve its integration into the broader intelligence community. Internationally, Treasury exchanges information with our partner financial intelligence units.

Indicators and Measures

Terrorism and Financial Intelligence program impact

The Department gauges its progress in achieving its national security mission by using a composite performance measure to assess the impact of its sanctions, law enforcement, intelligence, regulatory, and diplomatic programs to reduce threats to U.S. national security. Treasury will continue to strengthen its assessment of achieving its national security elements. Areas of focus include:

- Impact of economic sanctions;
- Impact of information and analysis;
- Impact of policymaking, outreach, and diplomacy; and
- Impact of activities to create safer and more transparent financial systems.

Strategic Goal: Management and Organizational Excellence

The Department strives to maintain public trust and confidence in U.S. and international economic and financial systems by ensuring that it is efficient, effective, accountable and transparent. Departmental management enables program goals to be accomplished and achieves organizational excellence. Treasury seeks to create an organization with exemplary leadership, innovative and collaborative processes, sustainable operations, and a culture of excellence, integrity and teamwork.

Excellent management is imperative to the Department of the Treasury as it allows policy offices to address national and global challenges while capitalizing on opportunities to best serve the American people. Treasury's management has performed, and must continue to perform, at increasing capacity to respond to changing environmental situations, such as the financial crisis.

In addition to the department-wide management goal, each bureau has individual goals, strategies, and metrics to achieve performance goals and improve internal business operations. The Treasury Department's strategic plan and management goal establish the framework that provides guidance to bureaus and policy offices.

Outcomes

An effective, efficient, transparent, and accountable Treasury Department

The Treasury Department is dedicated to serving the public interest by delivering results at increasing levels of overall performance. As the steward of the public purse, it is important for the Department to model effective and efficient management of its resources, transparency and accountability.

Strategies

Promote openness and engage stakeholders

In-line with administration initiatives to promote open government, Treasury will implement strategies to promote transparency, participation, and collaboration with employees and all its stakeholders. The Department will conduct rigorous process improvement on Treasury's Freedom of Information Act (FOIA) implementation; analyze what departmental information is most desired by the stakeholders and making the

information available; engage the public in online forums like blogs and social networking utilities; and break down cultural and technological communication barriers.

Align and consolidate governance

Over time, the Department has developed many governance bodies to oversee management and improvement of various types of resources. Treasury will form working groups to improve communication between these bodies. Moreover, these working groups will evaluate the fundamental structure and need for particular governance bodies and consolidate or reform them as necessary.

Create sustainable operations

As global resources become constrained, Treasury must rely on environmentally sustainable assets and processes in order to be efficient and effective. The Department will maintain and implement a high-level sustainability plan that cuts across all areas of management. Selected elements of this strategy include:

- Reducing paper transactions;
- Consuming less energy;
- Reducing fleet sizes;
- Consolidating Treasury data centers;
- Prioritizing investments based on a full accounting of both economic and social benefits and costs; and
- Using innovative space management techniques such as increasing occupancy rates in buildings, co-location, and considering alternative work arrangements
- Reduce waste through re-use, recycling and pollution prevention

Attract, develop, and retain qualified people

Treasury will leverage existing hiring flexibilities and propose innovative ways to overcome existing barriers to attract a world class workforce. The Treasury Department will develop and retain its talent pool by promoting personal development and work-life balance. The Department will prioritize training and mentoring to prepare employees to fulfill the agencies' mission; provide options for wellness, childcare, public transportation incentives, and counseling services to support its employees; and offer work flexibilities, such as alternative work schedules and telecommuting, to its employees when possible.

Leverage flexible, cost-effective technology solutions

Many organizations end up over-investing in systems that under deliver. Treasury will

invest in technology solutions in manageable phases that exhibit compelling business cases and promise to demonstrate rapid return on investment. The Department will enable greater innovation to support the Department's expanding financial and economic missions while also increasing the operational efficiency and effectiveness of information technology assets.

Institutionalize performance reviews and continuous improvement

The Department has a strong commitment to executing strategies for process improvement and performance management. Treasury holds quarterly performance reviews with bureaus and policy offices with the highest levels of management. The reviews require rigorous and documented follow-up work on identified milestones and metrics to ensure progress toward performance improvement. The Department will link organization performance to individual performance, and hold employees accountable at all organizational levels.

Early oversight involvement

Treasury's three Inspectors General conduct audits and investigations, when necessary, to identify, eliminate and mitigate waste, fraud, and abuse within the department. The Department wants to move from a detection and compliance focus on processes and procedures to more of a preventive focus that will ultimately be more effective and reduce costs. The Inspectors General have the technical and procedural experience to assist in creating processes that will prevent or minimize problems from occurring. Any strategies that are implemented to accomplish this will need to maintain organizational independence that the Inspectors General have.

Indicators and Measures

Human capital measures

To measure progress on human capital performance, the Department tracks several indicators such as hiring time, retention rates, and the results of employee satisfaction surveys.

- Retention rate after two years
- Employee Viewpoint Survey
- Time to hire
- Performance ratings
- Skill gaps
- Injury rates

- Employee satisfaction related to health and wellness

Sustainability measures

Treasury measures, and seeks to reduce, its environmental footprint. Sustainability measures include reductions in various undesirable environmental externalities.

- Reduction of greenhouse gas emissions
- Reduction in paper transactions
- Reduction of energy usage
- Reduction of fleet size
- Reduction of data centers
- Percentage of equipment made from sustainable materials

Transparency measures

FOIA-related statistics serve as important indicators of Treasury's success in implementing its Open Government strategies.

- FOIA backlog
- FOIA requests

Accountability measures

To ensure accountability to the public, Treasury measures results delivered by its three Inspectors General. Further, Treasury measures program adoption of audit recommendations and how timely they are implemented.

- Planned corrective action closure rate
- Percentage of recommendations from Inspectors General implemented
- Percentage of audits completed on time
- Investigation cases closure rate

Customer service measures

Treasury demonstrates its recognition of the importance of stakeholder satisfaction through measures of project delivery success, survey results, and contracting timeliness.

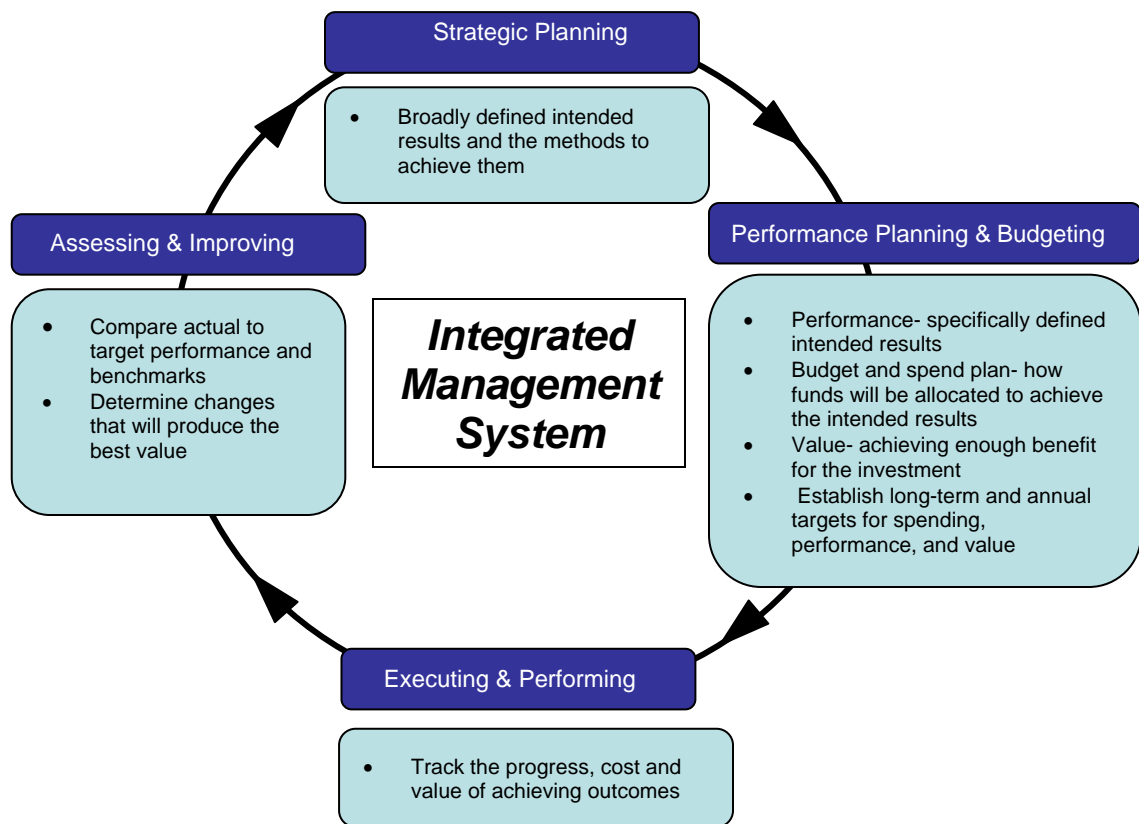
- On-time/ within budget project delivery
- Customer service survey results
- Time to contract

The Strategic Management System of the Department of the Treasury

Executing the Strategic Plan

To accomplish its strategic goals effectively, the Department of the Treasury must link outcomes, strategy, budget, and the production of value into an integrated management system. This management system, based on a model of continuous improvement, is shown below:

Integrated Management System



The process begins with an understanding of important national priorities and outcomes, which are then translated into broadly defined, intended results for the Department. These become the Treasury Department's strategic goals. Outcomes related to these strategic goals are then articulated. Strategies are developed to achieve the outcomes, and then measures and indicators are identified to provide the means to assess progress. The combination of all of these elements constitute the strategic framework.

Once the Department of the Treasury's strategic framework is established, performance planning is possible. Performance planning is focused on the outcomes developed in this strategic plan, and funding determinations are made to achieve the Administration's priorities and strategic goals. As part of the management process, a number of options, such as reallocation of resources when necessary, shared services, waste reduction, realignment, or redesign of processes can be executed to improve value for stakeholders.

The Treasury Department will then execute and perform according to the plan, tracking progress on outcomes, and the cost to achieve them. As part of the Department's continuous improvement strategy, comparisons of actual performance to desired targets and applicable benchmarks will be performed. The Department formally reviews performance on a quarterly basis with senior leadership. Key issues are identified and discussed; action plans are documented; and follow-up occurs on a continual basis. Management adds value by continually striving to make changes that will produce the most effective results, which will ultimately produce increased value for the American taxpayer.

Appendices

Appendix A: Organizations of the Department of the Treasury

The Department of the Treasury (www.treas.gov) is organized into two major components, the departmental offices and the bureaus. The departmental offices are primarily responsible for policy formulation, while the bureaus are primarily the operating units of the agency.

Departmental Offices

Domestic Finance (www.treas.gov/offices/domestic-finance/) advises and assists in areas of domestic finance, banking, and other related economic matters. In addition, this office develops policies and guidance for Treasury Department responsibilities in the areas of financial institutions, federal debt finance, financial regulation, capital markets, financial management, fiscal policy and cash management decisions.

The Emergency Economic Stabilization Act of 2008 established the Office of ***Financial Stability*** (www.financialstability.gov) within the Office of Domestic Finance to implement the Troubled Asset Relief Program. The Office of Financial Stability ensures the overall stability and liquidity of the financial system, prevents avoidable foreclosures, helps preserve homeownership, protects taxpayer interests, and promotes transparency.

Economic Policy (www.treas.gov/offices/economic-policy/) reports on current and prospective economic developments and assists in the determination of appropriate economic policies. The office is responsible for the review and analysis of domestic economic issues and developments in the financial markets.

International Affairs (www.treas.gov/offices/international-affairs/) advises and assists in the formulation and execution of U.S. international economic, financial, monetary, trade, investment, bilateral aid, environment, debt, development, and energy programs, including U.S. participation in international financial institutions.

Tax Policy (www.treas.gov/offices/tax-policy/) develops and implements tax policies and programs, reviews regulations and rulings to administer the Internal Revenue Code and the tariff laws, negotiates tax treaties, and provides economic and legal policy analysis for

domestic and international tax policy decisions. It also provides estimates for the President's budget.

Terrorism and Financial Intelligence (www.treas.gov/offices/enforcement/) marshals the Department's intelligence and enforcement functions with the twin aims of safeguarding the financial system against illicit use and combating rogue nations, terrorist facilitators, money launderers, drug kingpins, and other national security threats.

Treasurer of the United States (www.treas.gov/offices/treasurer/) advises the Secretary on matters relating to coinage, currency and the production of other financial instruments. The Treasurer also serves as one of the agency's principal advisors and is the spokesperson in the area of financial literacy and education.

The Community Development Financial Institutions Fund (www.cdfifund.gov) increases economic opportunity and promotes community development investments for underserved populations and in distressed communities in the United States.

Internally, Departmental Offices are responsible for overall management of the Department. The Office of ***Management and the Chief Financial Officer*** is responsible for internal management and controls and the Office of ***Small and Disadvantaged Business Utilization***. Support organizations include ***General Counsel***, ***Legislative Affairs***, and ***Public Affairs***. Also, three inspector general organizations, the ***Treasury Inspector General for Tax Administration***, the ***Office of the Inspector General***, and the ***Special Inspector General for Troubled Asset Relief Program*** provide independent audits, investigations, and oversight to the Department of the Treasury and its programs.

Bureaus

The bureaus make up 98 percent of the Treasury Department's work force and are responsible for carrying out specific operations assigned to the Department. Each bureau's strategic plan can be accessed at their website.

The Alcohol and Tobacco Tax and Trade Bureau (www.ttb.gov) collects excise taxes on alcohol, tobacco, and firearms that are lawfully due the government, protects the consumer of alcohol beverages through voluntary compliance programs that are based

on education and enforcement to ensure a fair marketplace, and assists industry members in understanding and complying voluntarily with federal tax, product, and marketing requirements associated with these commodities.

The Bureau of Engraving and Printing (www.moneyfactory.gov) develops and produces United States currency notes, trusted worldwide.

The Bureau of the Public Debt (www.publicdebt.treas.gov) borrows the money needed to operate the federal government, account for the resulting debt, and provide reimbursable support services to federal agencies.

The Financial Crimes Enforcement Network (www.fincen.gov) enhances the integrity of the financial systems by enabling the detection and deterrence of financial crimes.

The Financial Management Service (www.fms.treas.gov) provides central payment services to Federal Program Agencies, operates the federal government's collections and deposit systems, provides government-wide accounting and reporting services, and manages the collection of delinquent debt owed to the U.S. Government.

The Internal Revenue Service (www.irs.gov) provides America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.

The United States Mint (www.usmint.gov) manufactures and distributes circulating coins, precious metal and collectable coins, and national medals to meet the needs of the United States. The United States Mint also maintains physical custody and protection of the nation's gold assets.

The Office of the Comptroller of the Currency ([www.occ.treas.gov](http://www OCC.treas.gov)) ensures a safe and sound national banking system for all Americans.

The Office of Thrift Supervision (www.ots.treas.gov) supervises savings associations and their holding companies in order to maintain their safety and soundness and compliance with consumer laws, and to encourage a competitive industry that meets America's financial services needs.

Appendix B: The Strategic Framework of the Department of the Treasury

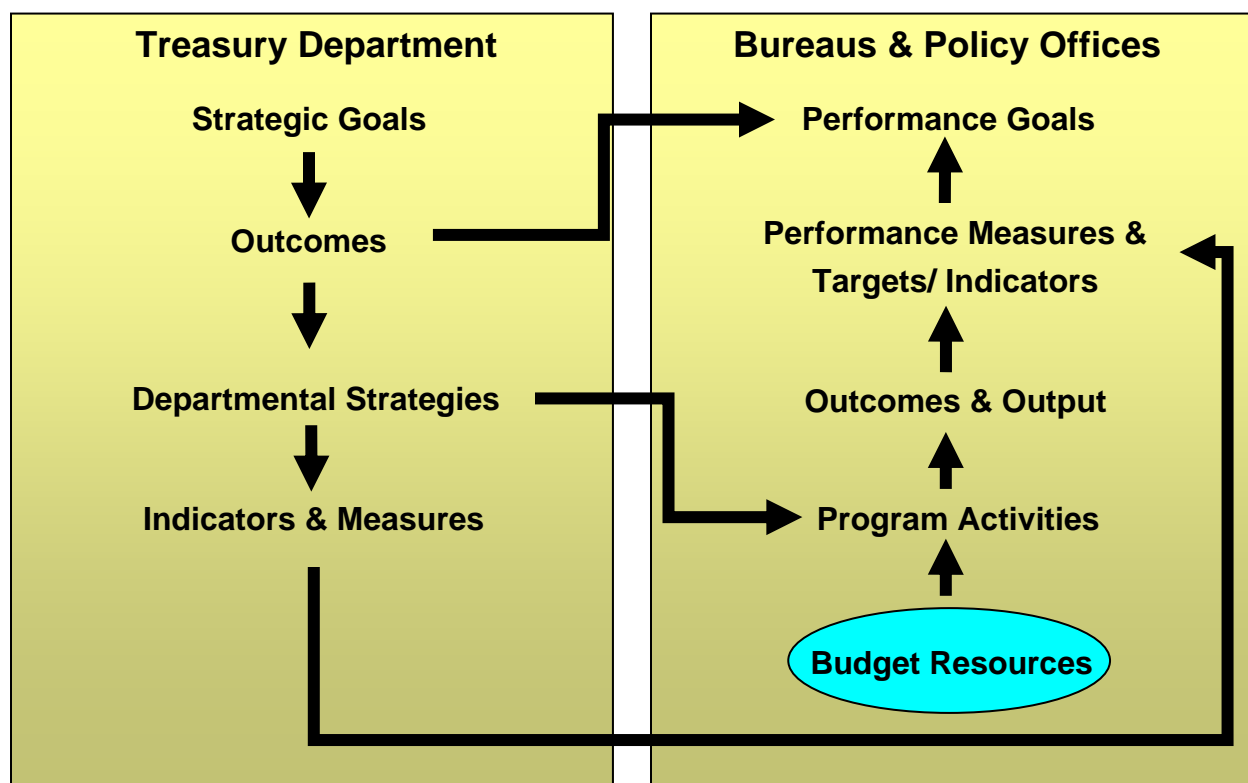
The Department's strategic framework is a summary of our goals, outcomes, strategies, and indicators and measures. This framework provides the basis for performance planning and continuous improvement.

	Strategic Goals	Outcomes	Strategies	Measures
Financial	Effectively Managed U.S. Government Finances	Revenue collected when due through a fair and uniform application of the law at the lowest possible cost Timely and accurate payments at the lowest possible cost Government financing at the lowest possible cost over time Effective cash management Accurate, timely, useful, transparent and accessible financial information	Improve service to make voluntary compliance easier Expand outreach to customers to increase awareness of collection, payment, and debt auction processes Discourage and deter non-compliance Optimize cash and debt portfolios Expand use of electronic transactions Guarantee operational readiness of meet the federal government's critical financing needs Modernize financial systems Standardize accounting practices	Voluntary compliance Cost of managing debt sales Projection variance Percentage of referred delinquent debt collected Percentage of payments made electronically
Economic	U.S. and World Economies Perform at Full Potential	Strong U.S. economic competitiveness Free trade and investment Prevented or mitigated financial and economic crises Improved global standard of living Safe and secure U.S. notes and coins	Stimulate U.S. economic growth Strengthen financial institutions and markets Monitor financial market activity Engage in financial and economic diplomacy Foster a government culture of fiscal discipline Promote financial literacy Suppress global counterfeiting through enhanced counterfeit deterrent features and international cooperation and coordination Maintain acceptability of U.S. notes and coins while exploring alternative materials	Growth-Competitiveness Index Financial system indicators Sustainability imbalance Debt-Gross Domestic Product (GDP) ratio Average trade-weighted tariff rates Financial literacy indicators Global standard of living Counterfeit rate Cost of denominations

	Strategic Goals	Outcomes	Strategies	Measures
Security	Combated National Security Threats and Prevented Illicit Activity in the Global Financial System	<p>Economic and financial security practices and standards in the global financial system have been implemented</p> <p>Safer and more transparent U.S. and international financial systems</p>	<p>Collect, analyze, and disseminate financial and other information concerning national security</p> <p>Integrate vulnerable entities into the legitimate financial system</p> <p>Disrupt and dismantle the financial network of criminal organizations</p> <p>Shape policy, laws and regulations, and increase compliance</p> <p>Coordinate and integrate policy and enforcement functions</p>	<p>Terrorism and Financial Intelligence program impact:</p> <ul style="list-style-type: none"> Impact of economic sanctions Impact of information and analysis Impact of policymaking, outreach, and diplomacy Impact of activities to create a safer and more transparent financial system
Management	Management and Organizational Excellence	An effective, efficient, transparent, and accountable, Treasury Department	<p>Promote openness</p> <p>Align and consolidate governance</p> <p>Create sustainable solutions</p> <p>Attract, develop, and retain people</p> <p>Leverage flexible, cost-effective technology solutions</p> <p>Institutionalize performance reviews and continuous improvement</p> <p>Early oversight involvement</p>	<p>Human capital measures:</p> <ul style="list-style-type: none"> Retention rate after two years Employee Viewpoint Survey Time to hire Performance ratings Skills Gaps <p>Sustainability measures:</p> <ul style="list-style-type: none"> Reduction of greenhouse gas emissions Reduction in paper transactions Reduction of energy usage Reduction of fleet size Reduction of data centers Percentage of equipment made from sustainable materials <p>Transparency measures:</p> <ul style="list-style-type: none"> FOIA backlog FOIA requests <p>Accountability measures</p> <ul style="list-style-type: none"> Planned corrective actions closure rate Percentage of inspector generals' recommendations implemented Percentage of audits completed on time Investigation cases closure rate <p>Customer service measures</p> <ul style="list-style-type: none"> On-time/within budget project delivery Customer service survey results Time to contract

Appendix C: The Strategic-Operational Relationship

The following chart shows the relationship between the Department's strategic goals and its annual program performance goals.



The Treasury Department's strategic goals are long-term outcomes which will assist the organization in achieving its mission. Outcomes are important results for each of the Department's major functions. Departmental strategies are agency-wide methods used to achieve outcomes and guide program activities.

To achieve performance goals, program resources must be properly managed to generate desired outcomes and output. Departmental indicators and measures are used to guide the development of long-term and annual performance targets. Performance goals are essential components of the annual performance budget.

Appendix D: Key Factors Affecting the Strategic Outlook of the Department of the Treasury

A strategic outlook is an appraisal of significant outside forces, such as threats or opportunities, which influence the success an agency will have in achieving its mission and goals. Successful strategic planning efforts develop strategies that respond to a range of alternative futures and consider economic, political, technological, legal, and demographic factors.

The Department of the Treasury, in identifying its own strategic outlook, considered a broad range of possible alternative futures based on the examination of information from Project Horizon and the National Intelligence Council's 2025 project.

Review of this information identified a need for the Treasury Department to effectively respond to a number of foreseeable challenges to successfully achieve its goals. The Department's operations are influenced by numerous factors, many not under its direct control. It is important to acknowledge these factors when executing the strategic plan. The following were identified as the most critical factors potentially affecting the achievement of the Department's goals:

Budget Environment

Rapid growth in government spending on major entitlement programs is anticipated, representing a critical economic challenge, exacerbated by the injection of federal stimulus dollars into the ailing economy in 2008 and 2009. If left unchecked, spending on these programs could significantly impair U.S. economic flexibility and erode competitiveness. Some economists caution that the United States may have already reached an unsustainable level of government debt, threatening the ability of future generations to finance investments in core infrastructure or even basic government services. The immediate future will feature an extremely tight fiscal environment focused on deficit reduction.

Technology

In the next five years, technological advancement will be a double-edged sword, offering the ability to continue to increase automation and provide a greater level of service for fewer taxpayer resources, while also exposing security risks as more and more information and processes move to the Internet.

Protecting information from inadvertent disclosure and potential malicious use will become increasingly important. With electronic commerce on the rise, identity theft and other cyber crimes are already overtaking other types of crime as the most likely to impact individuals. Advances in duplication technology are becoming more affordable and widely used, thereby broadening the counterfeiting threat. Other new technologies, such as electronic cash, Internet electronic payment systems, and Internet banking increase the ability of individuals to rapidly transfer large sums of money, making it increasingly challenging to track transactions related to money laundering and other financial crimes.

Workforce

Over the next five years and beyond, federal government will experience an increase in the number of employees eligible for retirement. With the potential massive retirement, the federal government will need to compete effectively for personnel resources, enhance skills of current workers, and develop leaders. People also are no longer seeking lifetime employment but rather lifetime employability.

Cooperation

Few, if any, of the key problems facing us today involve only our own country. On issues ranging as diverse as trade, climate change, financial regulatory reform, and combating money-laundering and terrorist financing, the Treasury Department must employ diplomacy and seek consensus with our allies and partners around the globe to achieve any lasting success.

Finding common ground on trade that is free and fair; economic and regulatory reform, which strengthens and stabilizes the financial system without stifling opportunities for innovation and growth; and working to control the flow of funds to terrorists; enforce international sanctions; and battle money laundering will require cooperation at all levels of government and with global partners. The degree of commitment by major U.S. trading partners to strengthen regional and multilateral trading initiatives and further open domestic markets will have an impact on the achievement of the Treasury Department's objectives for economic growth. Failure among officials from different countries and international organizations to agree on a flexible approach to economic and regulatory cooperation and stability could limit growth opportunities and delay progress in establishing new or existing arrangements. Reaching widespread

cooperation will be an enormous endeavor, but one which must be achieved in order to accomplish the Department's economic and national security goals.

Economy

In the wake of an economic contraction and amidst rising fears within the United States and among our allies of unsustainable government spending and debt, the potential of a rise in protectionist trade and investment policies worldwide increases. Avoiding a global slide into a fight to devalue currency in order to encourage exports will be critical to ensuring sustained economic growth.

Future economic and financial crises are difficult to predict, and the quality of responses to them depends on the adoption of effective policies and the reaction of financial markets. Factors such as natural disasters, infectious disease, war, and civil unrest may adversely affect economic performance as much as the strength and stability of a nation's financial system.

Financial Services

Strengthening oversight of the financial services industry is perhaps the key challenge of the coming decade. It is critical to strike the right balance between adequate oversight and the employment of caution and stifling innovation and new investment. Changes in the financial service industry, such as the consolidation of institutions, variations in the personal saving rate, and the development of new products and services will continue to present challenges to regulators.

Yet despite the prominence of the financial services industry, millions of Americans remain "un-banked." The number will likely decline in next 10 to 20 years, as more "un-banked" Americans are integrated into the financial mainstream. Changes in the market will influence the Department's efforts to modernize, improve reliability, and maintain the integrity of the U.S. financial system, affecting economic performance and competitiveness.

Globalization

The effects of a globalized economy will continue to present a challenge to the Treasury Department. The increasing economic power of Asia will alter the global trade and diplomatic balance of power. At the same time, the reality that the rising tide of globalization has not lifted all boats equally, resulting in ever widening gaps in the global

standard of living, could threaten the stability of the global trading system if not addressed. With more and more economic power attributed to non-state entities, including businesses, tribes and religious groups, the role of these groups in civic society and government in establishing the rules of trade and global interaction will also evolve.

Legislation

Legislative mandates will continue to affect the Treasury Department's work. Statutory limits on total debt could potentially restrict the Department's ability to borrow and finance the activities of the government. The Department of the Treasury's desire to effect change, such as modernizing the nation's entitlement programs and simplifying the tax code, can only happen through political consensus and effective legislation.

Society

Changes in American culture affect the way the Treasury Department operates. The Department must be constantly aware of the public's perception of government. Changing demographics will put pressure on the Social Security and Medicare systems and will affect retirement security objectives.

National Security Threats

Financial security and national security are inextricably linked. When a nation enjoys a stable economy and economic opportunity for its citizens, unrest and criminal activity are diminished. Beyond this, Treasury plays a unique role in combating illicit uses of funds and leveraging the power of the U.S. economy to combat the trade in illicit weapons and other goods, narcotics, terrorist financing, and other financial crimes which threaten our national security. The Department's success is affected by the willingness of other nations and organizations to cooperate in actions against terrorism, proliferation of weapons of mass destruction, drug trafficking, international crime, and the underground economy. The Treasury Department functions in an environment where financial crime trends and patterns change quickly. The Department will need to stay ahead of financial criminals, requiring increased global cooperation with foreign governments and private sector partners, while minimizing the flow of illegal goods and services.

Immigration

Immigration plays a vital role in the dynamic U.S. economy. Historically, high levels of migration can be an indicator of a strong national economy due to better wages and jobs available to more people. Current trends suggest that economic forces will continue to attract migration to the United States for years to come. Immigration policy reform will be a significant factor in the American economy.

Appendix E: Program Evaluations

The Department engages in program evaluations to provide management with the information needed to invest more in effective programs and target problems in programs found to be ineffective, requiring re-design or significant improvements.

Mortgage Risk

The Department of Treasury has a considerable interest in better understanding the underlying determinants of mortgage performance, as the government's exposure to mortgage risk is substantial. Government Sponsored Enterprises (GSE), such as Fannie Mae and Freddie Mac, have about \$7 trillion in direct exposure to retail mortgages. In order to understand what drives mortgage default, Treasury will link data on individual mortgages to administrative data on employment status and individual borrowers from credit bureaus. A more thorough understanding of what drives mortgage performance could expand the options available to the government to manage its exposure to mortgage risk, address the problem of legacy assets in the financial system, and contribute to effective housing policies that strengthen the market.

Making Home Affordable: Home Affordable Refinance Program

Making Home Affordable contributes to stabilizing the U.S. housing market by helping Americans reduce their monthly mortgage payments to more affordable levels. HAMP is one piece of Making Home Affordable and provides homeowners who have loans owned or guaranteed by Fannie Mae and Freddie Mac an opportunity to refinance into more affordable monthly payments. Currently, HAMP has one specific model for modifying loans, but other models could possibly improve program performance. Treasury will facilitate randomized evaluations of other models to determine if there are other possible loan modifications to HAMP that will offer customers similar or better alternatives than the current model and will improve program performance. The evaluations will produce evidence to create guidance policy changes to the HAMP program and inform other government programs.

Stability Enhancing Payment Vehicles

Through the Financial Management Service (FMS), Treasury provides payments to recipients. Recipients in low-income populations typically do not have savings to pay for major medical expenses, car breakdowns, or home repairs. In an effort to promote savings, Treasury plans to create pilot programs to test the payment vehicles within

Treasury's purview that could allow direct deposit of paychecks and other forms of income, create automatic bill payments, and allow participants to set-aside savings. As an example, the Voluntary Income Tax Assistance (VITA) sites could participate in a financial product pilot. The financial services provider would train VITA site employees about the product, and VITA employees would sell it. Treasury would survey financial product users about how the product affects utilization of other services, such as payday loans and other borrowing sources. These evaluations will allow Treasury to decide how and whether or not these financial products should be distributed on a larger scale.

Financial Innovations in Community Development

The Community Development Financial Institutions (CDFI) Fund promotes access to capital and local economic growth in urban and rural low-income communities. CDFI plans to evaluate innovative financial tools to promote access to capital and stimulate local economic growth. CDFI also seeks to encourage foundations and other institutions to fund effective financial innovation.

Appendix F: Summary of Consultation Efforts (pending)

The Department of the Treasury, as an integral part of the strategic planning process, consulted with its federal government partners and stakeholders in preparing its 2010-2015 strategic plan. Federal agency partners, congressional contacts, and independent sources were encouraged to submit comments on the plan which were reviewed and incorporated into the final draft.

Appendix G: Strategic Goal Linkage to Federal Partners

Strategic Goals:

Goal 1: Effectively Managed U.S. Government Finances

Goal 2: U.S. and World Economies Perform at Full Potential

Goal 3: Combated National Security Threats and Prevented Illicit Activity in the Global Financial System

Goal 4: Management and Organizational Excellence

Strategic Partner	Strategic Goal
Commodity Futures Trading Commission	Goal 1, 2 & 3
Congress	Goal 1, 2, 3 & 4
Council on Environmental Quality	Goal 2, 3 & 4
Department of Agriculture	Goal 1, 2 & 3
Department of Commerce	Goal 1, 2 & 3
Department of Defense	Goal 1, 2, 3 & 4
Department of Education	Goal 2 & 4
Department of Energy	Goal 2, 3, & 4
Department of Health and Human Services	Goal 1, 2, & 3
Department of Homeland Security	Goal 1, 2, & 3
Department of Housing and Urban Development	Goal 1 & 2
Department of Interior	Goal 2 & 3
Department of Justice	Goal 1, 2, & 3
Department of Labor	Goal 1 & 2
Department of State	Goal 2 & 3
Department of Transportation	Goal 1, 2, & 3
Department of Veterans Affairs	Goal 2 & 3
Environmental Protection Agency	Goal 2
Export-Import Bank	Goal 2 & 3
Federal Deposit Insurance Corporation	Goal 1, 2, & 3
Federal Environmental Executive	Goal 4

Federal Finance Housing Agency	Goal 1
Federal Financial Institutions Examination Council	Goal 1, 2, & 3
Federal Reserve	Goal 1, 2, & 3
Federal Trade Commission	Goal 1, 2, & 3
General Services Administration	Goal 1 & 4
Government Accountability Office	Goal 4
International Monetary Fund	Goal 2 & 3
National Credit Union Administration	Goal 1, 2, & 3
National Security Council	Goal 1, 2, & 3
Office of the Director of National Intelligence	Goal 3
Office of Management and Budget	Goal 4
Office of Personnel Management	Goal 4
Organisation for Economic Co-operation and Development	Goal 2 & 3
Overseas Private Investment Corporation	Goal 2 & 3
Pension Benefit Guaranty Corporation	Goal 1 & 2
Securities and Exchange Commission	Goal 2 & 3
Small Business Administration	Goal 2
U.S. Postal Service	Goal 1 & 2
U.S. Trade Representative	Goal 2
World Bank	Goal 2 & 3